

For Immediate Release

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**MasterCard and Netscape to Offer Secure Transaction Processing
For Purchases on the Internet**

A mid-1995 delivery date will make MasterCard the first to effect secure credit and debit card transactions over the Internet

NEW YORK, Jan. 9, 1995 -- MasterCard International Incorporated, a global payments company with more than 360 million credit and debit cards issued, and Netscape Communications Corporation, a premiere provider of open software for the Internet, have announced an agreement in principle to bring transaction processing capabilities for electronic commerce via the Internet to millions of MasterCard cardholders. Under the terms of the agreement, the two companies will develop the interface for authorizing and clearing transactions on credit and debit cards in a secure environment on the Internet. MasterCard anticipates that its interface will be operational by mid-1995, making it the first time that MasterCard members can enable their customers and merchants to facilitate secure bankcard transactions over the Internet.

"The popularity of the Internet is a prime example of how technology is moving transactions from the traditional point of sale to wherever the customer is — or what we call the point of interaction," said MasterCard Senior Vice President Edward J. Hogan. "In this new environment, our objective is to ensure that every transaction, no matter what type it is and no matter where it occurs, is processed quickly, securely and reliably. With this agreement, we will

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leverage Netscape's experience in providing secure Internet-based software solutions with our own expertise in processing financial transactions to offer expanded ways to pay that are fast, safe and convenient, and that support our objective to be the industry leader in delivering value through technology," Hogan said.

"MasterCard's agreement with Netscape is a significant endorsement of the Internet as an emerging channel for conducting business," said Jim Clark, chairman and CEO of Netscape Communications. "Our work with a global payments company such as MasterCard, in combination with our agreements with First Data Corporation, Bank of America and First Interstate, enables us to provide a standard and secure means for online payment and card authorization to virtually every bank and business worldwide."

MasterCard, headquartered in New York City, is a global payments franchise of nearly 22,000 member financial institutions worldwide. Through its family of brands, MasterCard offers a full range of credit and debit products and services supported by a global transaction processing network. The MasterCard®/Cirrus® ATM network, which is composed of nearly 190,000 ATMs in 65 countries and territories, provides cash access to more than 360 million credit and debit cards worldwide. In addition, MasterCard offers the Macstro® point-of-sale program, with more than 145 million committed edc/Maestro debit cards, of which more than 82 million cards are live. In 1993, MasterCard's credit and debit cards generated 3.6 billion transactions, totaling \$320 billion in sales volume, at 12 million acceptance locations worldwide.

Netscape Communications Corporation is a premier provider of open software to enable people and companies to exchange information and conduct commerce over the Internet and other global networks. The company was founded in April 1994 by Dr. James H. Clark, founder of Silicon Graphics Inc., a Fortune 500 computer systems company, and Marc Andreessen, creator of the NCSA Mosaic research prototype for the Internet. Privately held, Netscape Communications Corp. is based in Mountain View, Calif.

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QUESTIONS AND ANSWERS

The following Q&A is for use by employees when answering internal or external questions. It is a reference document only and should not be distributed outside of MasterCard or Netscape.

Q. How does MasterCard's deal with Netscape differ from what Visa and Microsoft announced for securing Internet transactions?

A. By mid-1995, MasterCard, using Netscape technology, will provide the interface to the Internet needed for MasterCard credit and debit cardholders to make quick, reliable and secure electronic transactions. As best we understand it, Visa and Microsoft will be developing a software standard to secure transactions that will not be available until late 1995. Additionally, it is not clear if Visa's announcement applies to only Visa debit and credit transactions, or whether they anticipate it to have broader utility. You need to ask Visa that.

Q. How does MasterCard's deal with Netscape differ from the other Internet security announcements from Netscape such as that with Bank of America or Wells Fargo's deal with CyberCash?

The breadth of our activity is much broader, as it will enable any one of the world's 300-million-plus MasterCard cardholders to facilitate a secure transaction over the Internet. For specifics on what other companies are providing, you will have to ask them individually.

Q. How will you ensure that transactions are secure?

The security will be based on RSA Data Security technology. The technology provides encryption, which creates a secure channel to prevent anyone on the network from tapping into the transaction.

To take advantage of the new online capabilities, businesses or merchants create their own Internet presence or virtual storefronts using Netscape's Netsite Commerce Server, and then sign on with their banks for the transaction processing service. Consumers can use Netscape's communications software, called Navigator 1.0, to access and establish a secure link with the server, enabling card information to be sent securely over the net.

Q. Wasn't RSA compromised in September with decryption results published on the Internet?

The RSA algorithm was not compromised; possibly a firm allowed its secret key to be compromised. However, the algorithm is intact. The analogy is similar to losing the key or combination of a lock. "Don't blame the lock."

Q. Will consumers be able to use other payment methods such as Visa, Amex, Discover and regional debit brands (including edc) with this interface, or is it MasterCard only?

This interface is only meant to accomplish processing and payment for transactions using MasterCard debit and credit cards.

Q. Will transactions be authorized and cleared as they are today?

Yes, we anticipate authorizing, clearing and settling transactions as we do today. The Internet will be the medium by which the consumer and merchant agree to effect the transaction and pay for it with MasterCard.

Q. Are there any plans for Cirrus customers to be able to access the Internet for non-cash transactions, e.g., balance inquiry, funds transfer, etc.?

This announcement deals specifically with retail purchases over the Internet. Cirrus, as an ATM product, is not applicable for such a payment. However, there could be other applications down the road for which Cirrus will be operative.

Q. How can MasterCard proceed with Internet transactions when the Visa/Microsoft software program standard won't be ready until the end of 1995?

We do not know if Visa's announcement applies to only Visa transactions or whether they anticipate it to have broader utility. What we do know is that we have an immediate need to secure commerce on our cards. We remain optimistic that all efforts underway will come together at some point under a common set of standards.

Q. Who will have the liability if fraudulent use of credit or debit cards occurs on Internet transactions?

The issuers are responsible for their transactions that they have authorized where the merchant has followed all the procedures. The liability shifts as procedures are not observed.

Q. Will the interface for credit and debit transactions go live at the same time?

We are planning it that way. As we get closer, it may be that one happens a little later than the other, but even in that case, not by much.

Q. Will a merchant need different procedures for accepting credit and debit transactions? If so, what are they?

No! We anticipate a standard general procedure for both debit and credit. There may be some differences, such as debit requiring a PIN and credit allowing it.

Q. Will PIN be the card authentication method for debit? credit?

It will be mandatory for debit, and allowed for credit.

Q. Who will consumers call for customer service for transactions on the Internet?

They will deal with the merchant that they made the purchase with when that is appropriate. At other times, e.g., billing disputes, they will deal with their issuers.

Q. What protection does the cardholder have if fraud does occur on an Internet transaction?

They have the same protection that they have now for similar forms of MasterCard transactions.

Q. How will banks have a presence on the Internet if MasterCard is providing the interface?

All the agreements with merchants on the Internet will need to have a MasterCard acquirer, and all cards used will need an issuer.

Q. How will consumers get a receipt for Internet transactions?

Two ways. By confirmation via the Internet, from the merchant, or by a separate mailing. In any event it will be at least as good and, in most instances, better than current mail order and telephone order transactions.

Q. From a privacy perspective, who will have access to transaction information that takes place on the Internet? Will MasterCard sell it?

All transactions on the Internet will be treated with the same privacy that all MasterCard cardholders currently enjoy. Specifically, the transaction details are private and privileged between the cardholder and its issuer. No exceptions.

Q. What is the sales potential for transactions on the Internet?

Industry experts have estimated that by the year 2000 the Internet will have some 100 million users worldwide, and forecasts indicate that global consumers and businesses will use the Internet to order hundreds of billions in goods and services. Any part of that is a major business for MasterCard, its members and their merchants. And, of course, more importantly, a major utility for our cardholders.

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